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8th July, 1960.

COCOM Document Sub-C(60)2E

COORDINATING COMMITTEE

REPORT BY THE CHAIRMAN OF THE SUB-COMMITTEE

ON

EXPORT CONTROLS

26th, 27th and 28th April, 1960

Chairman: Mr. Blondiau

BELGIUM (LUXEMBOURG)

Mr. de Meester de Ravestein
Mr. Poirier

CANADA

Mr. Charland

DENMARK

Mr. Nielsen
Mr. Lund

FRANCE

Mr. Varnoux
Miss Boussac
Mr. Miroux
Mr. Poirier
Mr. Muzard
Mr. Jamet
Mr. Ganrès
Mr. Castillou

GERMANY

Dr. Kruse
Dr. Lammers
Mr. Von Loebbecke
Mr. Von Hahn

GREECE

Mr. Manolakis

ITALY

Mr. Cortese de Bosis
Mr. Mercogliano

JAPAN

Mr. Tokuhisa

NETHERLANDS

Mr. Blik
Mr. de Roo
Mr. Biever
Mr. de Jong

TURKEY

Mr. Uras

UNITED KINGDOM

Mr. Cazalet
Mr. Cornell
Mr. Browning
Mr. Smith

UNITED STATES

Mr. Allen
Mr. Goinga
Mr. Anderson
Mr. Borton
Mr. Rehfeld
Mr. Smith

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I. APPROVAL OF THE AGENDA (COCOM Document 3941)

1. The NETHERLANDS Delegate asked for the addition to Item IV on the agenda - IC/DV Procedure - of the question his Delegation had raised in COCOM Document 3975 as to the application of the IC/DV system for the purchase of United States surplus goods located in dumps in Western European countries.
2. The JAPANESE Delegate asked for the addition to the same Item of the question of the application of the IC/DV system in the case of re-importation of a product sent back to its country of origin for repair.
3. The FRENCH Delegate announced that under Other Business he would refer to the problems encountered by the relevant French Departments owing to the differences which existed between the customs tariff lists and the International Lists.
4. The UNITED STATES Delegate said that under Other Business he would raise the question of the Commodity Identification Manual and under Item VI(f) the question of the export controls applied by Sweden and Argentina.
5. The CHAIRMAN stated that under Other Business he proposed to review the list of questions referred to the Coordinating Committee following the Sub-Committee's last session (Secretariat Paper No. 106).
6. With these additions, the SUB-COMMITTEE approved the agenda as shown in COCOM Document 3941.

II. CHAIRMAN'S REPORT ON THE LAST MEETING: POSSIBLE COMMENTS (COCOM Document Sub-C(59)2)

7. The Chairman's Report on the Sub-Committee's previous meeting did not give rise to any special comments.

III. DIVERSIONS

(a) Borax and boron products

(i) Boracite delivered by Turkey (COCOM Document Sub-C(59)2, paragraphs 10 - 20; COCOM Documents 3870 and 3933)

8. The CHAIRMAN recalled that at the close of the Sub-Committee's previous meeting, the boracite involved lay in the hands of the Greek authorities and all Delegations had agreed on the need to make sure that this product should be forwarded, in accordance with the Committee's procedures, to an authorised destination. In view of what was known of the evolution of this matter, he stated that the Sub-Committee had reason to be grateful to the Greek and Turkish authorities for the rapidity with which they had intervened and for the efficacy of the steps taken. It had been understood that Member Governments would not fail to give the Greek Government their full cooperation in this matter. The Chairman said that the Sub-Committee would welcome information as to the subsequent developments.
9. The ITALIAN Delegate, referring to COCOM Document 3870, stated that the competent departments in Italy had carried out enquiries as to the Italian firms which might have been involved in this matter. These enquiries had made it clear that no Italian firm had participated in the transaction in question.
10. The UNITED KINGDOM Delegate stated that he had nothing to add to the information supplied by his Delegation in COCOM Document 3870. The enquiry carried out by the United Kingdom authorities had enabled them to ascertain that there had been no contravention of United Kingdom control regulations.

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11. The TURKISH Delegate stated that his Government had also carried out enquiries, as a result of which it appeared that the Turkish firm involved could not be inculpated for infraction of the export control regulations.

12. The GERMAN Delegate stated that he had nothing to add to his Delegation's statement recorded in COCOM Document 3933, which showed that the German control regulations had not been contravened. The Delegate repeated that the German authorities would have been happy to learn the circumstances which, in the course of the enquiry undertaken by the Greek and Turkish authorities, had led them to suspect a contravention of the German regulations. No reply on this point had as yet reached the German authorities.

13. The FRENCH Delegate expressed the thanks of the French authorities for the courageous action taken by the Greek Government in this connection and stressed the matter's importance.

14. The GERMAN Delegate stated that the German authorities would be glad to know the present fate of the ore. Was it still in Greece? How had it been disposed of? On the other hand, had the Greek authorities discovered the Greek national implicated? If so, had he been prosecuted? The Delegate explained that a practical interest attached to these questions, because, as long as they remained unaware of what had happened to this large quantity of boracite, the authorities in each participating country, upon receipt of enquiries, especially when they involved financial transactions, would be afraid that they implied a sequel to this affair. These fears could only be allayed if it were known that the boracite had been disposed of in a legitimate manner.

15. The UNITED STATES Delegate emphasised the importance to be attached to the remarks made by the Chairman, inviting attention in this connection to the Chairman's statement recorded in paragraph 20 of COCOM Document Sub-C(59) 2. He expressed the hope that the Greek Delegate would give consideration to these expressions of the Chairman and that an early report on this matter could be submitted to the Committee.

16. The GREEK Delegate stated that at present he had no new information on this matter, but that he would transmit to his authorities the questions which had just been put to him by various Delegations and would subsequently submit in writing the information he was able to obtain.

(ii) Attempted diversions of colemanite of Turkish origin
(COCOM Document 3677)

17. The CHAIRMAN asked the German Delegate if he wished to submit additional remarks as to the matter explained in COCOM Document 3677.

18. The GERMAN Delegate stated that he had little to add to the statement he had made on the 10th September 1959 and which was recorded in COCOM 3677. He recalled that it concerned an attempted fraudulent transaction which had failed, as the German authorities had not granted the IC they had been asked for. The case illustrated the great usefulness of the IC/DV system and of the enquiries carried out by the competent authorities in the context of this system. This attempt indicated that the Soviet Bloc were continuing their efforts to obtain borax in Free World countries and brought out the need for very strict supervision in order to avoid diversions of this product. In investigating this matter, the German authorities had checked up on the IC's they had issued previously and contact with the Turkish authorities had enabled them to confirm that five consignments of borax had reached their proper destination.

19. The FRENCH Delegate stated that, subsequently to the German Delegate's statement recorded in COCOM Document 3677, the competent French authorities had been put on their guard and were examining with special care all requests for IC's concerning this product. The French Delegation wished to congratulate the German authorities for having succeeded in discovering an attempted diversion solely on the basis of a request for an IC.

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20. The TURKISH Delegate stated that the competent authorities gave close examination to the IC's they received in connection with boron products and in certain cases carried out end-use checks for exported products.

21. The UNITED STATES Delegate stated that his authorities shared the concern expressed by the German authorities as to the interest shown by Soviet Bloc countries in obtaining boron products. The United States, as the principle world suppliers of boron products, received many enquiries for these; the United States authorities had secured the cooperation of the principal producers, who had drawn their attention to certain enquiries which seemed to them to exceed the normal needs of the countries to which proposed exports would be destined. The competent departments of the United States Government had drawn up exact estimates of the needs of the various countries in this field and, even when the documents submitted appeared to be in order, they required, in the case of shipments to third countries, declarations by the recipients as to the end-use of the products and, should this appear necessary, they had a check on this end-use carried out by their Embassy in the country of destination. This system appeared to work satisfactorily.

22. The ITALIAN Delegate stated that his authorities had always maintained strict supervision in this area and, in particular, they sent out duplicates of IC's dealing with boron products; they too had frequent recourse to diplomatic channels to strengthen these controls.

23. The BELGIAN Delegate stated that in doubtful cases the Belgian authorities had enquiries carried out by means of contacts with the competent technical services in order to determine whether the import proposed corresponded to normal needs.

24. The GERMAN Delegate, while recognising that it would be useful to draw the attention of departments issuing IC's to the risks of diversion and to the need to apply strict control in this area, recalled that the primary responsibility lay with the exporting country and that in the first place it was for the authorities issuing export licences to exercise stringent control.

(iii) Watch over Argentine borax in transit
(COCOM Document Sub-C(59)2, paragraphs 25 - 28; COCOM Document 3966)

25. The CHAIRMAN recalled that at the close of the Sub-Committee's last meeting, various Delegations had pointed out that, because the TAC procedure had not been adopted by the Argentine Government, the authorities in their countries would not be able to intervene in the event of diversion through their territory of borax coming from Argentina. The Chairman asked the United States Delegate whether he could supply new information as to the controls applied by the Argentine in this area.

26. The UNITED STATES Delegate stated that the last Memorandum submitted by his Delegation on this question (COCOM Document 3966) was intended on one hand to recall the controls exercised by the Argentine over their exports of borax and of strategic products in general and, on the other hand, to bring to the Committee's attention two diversion cases, one of which had succeeded while the other had been frustrated. The Delegate considered that the IC/DV system effectively applied by the Argentine and accompanied by end-use checks should prevent illicit despatches from that country. The United States Government were continuing their approaches to the Argentine authorities in order to secure their participation in the TAC procedure, but were not yet in a position to anticipate a favourable outcome of these negotiations. The Delegate emphasised, however, that, in his opinion, the second case reported in the United States Memorandum indicated Argentina's willingness to have such illegal shipments stopped by transit countries; and he expressed the hope that when any future shipments of Argentine borax intended for the Bloc should pass in transit through the territories of Member Governments, such Member Governments would give the Argentine authorities an opportunity to request that the shipments be stopped.

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27. The CHAIRMAN suggested that the Sub-Committee should examine successively the various aspects of the United States Memorandum and that Delegations should first of all submit their observations on the application of the IC/DV system by the Argentine.
28. The BELGIAN Delegate stated that his authorities had never received an application for an IC or for a Delivery Verification Certificate dealing with imports from the Argentine.
29. The UNITED STATES Delegate explained that the Argentine authorities applied the IC/DV system in the case of all their exports of strategic products but that in point of fact the only strategic product exported was borax. Furthermore, in view of the high cost of Argentine borax, it was probable that only Latin-American countries obtained their supplies from Argentina; thus the principal danger lay in exports apparently destined for third countries which did not apply the IC/DV system. Nevertheless, the end-use checks carried out by the Argentine authorities should make it possible to prevent fresh diversions.
30. The DANISH, FRENCH, GERMAN, ITALIAN and UNITED KINGDOM Delegates stated that their authorities had never received an application for an IC for borax or other strategic goods exported from Argentina but that it should not be concluded from this that the Argentine authorities were not applying the IC/DV system, for it might well be that importers in their countries did not obtain their supplies from Argentina, owing to the high cost of these products.
31. The CHAIRMAN noted that this exchange of views led to the conclusion that, although the Argentine authorities were supplying the IC/DV system strictly, most participating countries had not been called upon to issue IC's for imports from that country. If, however, such applications should reach the authorities of Member Governments, the latter should study them with great care. The Chairman then invited the United States Delegate to submit any further comments on the cases summarised in COCOM Document 3966.
32. The UNITED STATES Delegate emphasised that the first consignment had been able to reach its destination after passing through several ports in member countries without being held up. In the second case, the goods had been stopped at the request of the Argentine authorities in a port of a non-member country, Brazil. This action on the part of the Argentine authorities proved their desire to have none of their strategic goods diverted to the Communist Bloc. Moreover, these cases demonstrated the usefulness of transaction controls, thanks to which the Canadian and United States authorities were able to prosecute the nationals of their countries who were implicated in this affair.
33. Referring to COCOM Document 3966, the CANADIAN Delegate stated that the Canadian firm involved in the borax transaction was being charged with violating Section 15 of the Export and Import Permits Act, which provided that:
- "Except with the authority in writing of the Minister, no person shall knowingly do anything in Canada that causes or assists or is intended to cause or assist any shipment, transshipment or diversion of any goods included in an Export Control List to be made, from Canada or any other place, to any country included in an Area Control List."
34. The GERMAN Delegate pointed out that as far as his authorities were concerned the case had been studied from three different angles. (a) The enquiries carried out by the German authorities had indicated that the activity of the bank in West Berlin had been confined to the opening of a letter of credit for a purely financial transaction between Canada and Finland. This transaction had been carried out in good faith, and no regulation prohibited it. (b) The buyer operating for the Soviet Bloc, and who was thought to be living in West Berlin, was a Netherlands national. The German authorities were now keeping in close touch with the Netherlands authorities and it was not yet known whether it would be possible for the authorities in the Federal Republic to institute proceedings against a Netherlands national or whether this responsibility lay with the Netherlands. This question was being investigated at present. (c) The fact that goods coming from Argentina had touched at a German port in direct transit towards Helsinki did not enable the German authorities to hold up the consignment. Such intervention could only have been envisaged at the request of the Argentine authorities and under their responsibility. The Delegate noted that the Argentine authorities appeared determined not to authorise such transactions in future.

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35. The CHAIRMAN, referring to the German Delegate's statement to the effect that the banking transaction in question could not be subjected to any control by the German authorities, asked whether the situation would have been the same in other participating countries.

36. The BELGIAN Delegate stated that a financial transit transaction of this nature would have been brought to the attention of the Central Office for Quotas and Licences, who would have requested a Finnish end-use document or opened an enquiry as to the end-use in Finland of the products involved.

37. The NETHERLANDS Delegate stated that this would also have been the procedure followed in his country.

38. The FRENCH Delegate stated that in principle, when a financial dossier was submitted to the competent French department, an enquiry could be opened and the transaction stopped. Sometimes, however, no dossier was submitted to the French Office for Foreign Commerce.

39. The GERMAN Delegate stated that, in view of the quasi-total convertibility, banks in the Federal Republic, upon receipt of an instruction and the necessary funds, were able to carry out a transaction in the normal way; responsibility for the transaction lay in this case with the firm or individual who had given the instructions.

40. The UNITED KINGDOM Delegate stated that no United Kingdom regulation existed which would have permitted the stoppage of such a transaction, and he emphasised that the transaction control applied in the United Kingdom should be distinguished from financial controls, which the United Kingdom Government had never agreed to set up because the transactions concerned dealt with strategic goods.

41. The BELGIAN Delegate explained that the control over financial transactions applied in his country had been modelled upon the IC/DV system applicable to exports. An instruction to open a credit carried an indication not only of the amount but of the products concerned, and, where it was a question of a strategic product, a bank was not able to put the business through on its own initiative but was obliged to obtain an authorisation from the "Office des Changes" (Foreign Exchange Office) or an equivalent department.

42. The ITALIAN Delegate stated that in his country the authorities applied financial controls over all transactions in which an Italian national was the principal party. The system in force was almost identical with that described by the French Delegate (paragraph 38 above) and by the Belgian Delegate (paragraph 41 above).

43. The GERMAN Delegate stated that, like the United Kingdom Government, his Government did not apply any financial control and that in these cases the essential controls should be carried out at the source and at the destination, the other controls being regarded as subsidiary.

44. The FRENCH Delegate asked his Belgian colleague whether the control described in paragraph 41 above would be applicable if the instruction to open a letter of credit came from an individual who was neither a resident nor a national but was simply passing through Belgium.

45. The BELGIAN Delegate stated that the exchange regulations stipulated that only a Belgian resident could put through a financial transaction of this kind. In any event the opening of a letter of credit for strategic products would require an authorisation from the competent authorities.

46. The CHAIRMAN concluded the debate on this financial aspect of the matter by noting that the problem as a whole would have to be re-examined in the light of the financial transit regulations applied in the various countries and that if it was correct that the bank involved could not be held responsible, it would have been desirable for the financial transaction to have been controlled. The Chairman then asked how the Netherlands authorities intended to follow up this affair as far as concerned the Netherlands citizen who was implicated.

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47. The NETHERLANDS Delegate stated that the individual in question was fleeing from justice and that the German and Netherlands authorities were combining their efforts to find him; when these efforts had succeeded, proceedings against him would be taken in the Netherlands. The Delegate stated in conclusion that he would keep the Committee informed of subsequent developments.

48. As to the possibility for the German authorities to hold up the consignment when the ship touched at the port of Hamburg, the Chairman noted that, as had already been indicated during the Sub-Committee's last meeting (COCOM Document Sub-C(59)2, paragraph 25), as long as the Argentine failed to adopt the TAC procedure, the customs services in a number of Western European countries would not be able to prevent the transit of undischarged goods.

49. Turning to the study of the second diversion attempt, which it had been possible to frustrate, the Chairman noted that the Brazilian authorities had been able to order the unloading of the goods, and to confiscate them, because there had been a false declaration of destination. The goods had been destined officially for Sao Paulo, and the ship was to touch at the Port of Santos.

50. The FRENCH Delegate asked whether the authorities in the European member countries would have been able to take similar action and whether they possessed legal powers enabling them to hold up a vessel on account of a false declaration of final destination. The French Delegation wondered whether this case could be regarded as constituting a precedent and on whom would fall the expenses of unloading, warehousing and paying any indemnities which might be incurred.

51. The BELGIAN Delegate stated that there was no legal basis permitting his authorities to hold up such consignments. The only possibility open to them was to recommend that the authorities in the port customs offices should keep a special watch on shipments of borax entering the port of Antwerp and, in case of doubt, advise the authorities. The Belgian authorities would have been able, in a case such as this, to exert pressure on the intermediary, but they would not have been in a position to give orders for the unloading of the goods.

52. The UNITED KINGDOM Delegate stated that, in general, the United Kingdom authorities did not exercise any control over goods on board vessels calling at a United Kingdom port. If, however, the customs services suspected a diversion, the United Kingdom authorities could revoke this concession, and in the event of legal proceedings the costs would be payable by the losing party. The United Kingdom authorities held the power to submit to control by the United Kingdom customs any vessel entering British territorial waters; for practical reasons no control was exercised in the majority of cases over non-discharged goods; naturally if the goods were discharged, they came within the scope of the transshipment controls.

53. The FRENCH Delegate stated that the French authorities held no rights enabling them to submit to customs control goods remaining on board vessels calling at French ports.

54. The GERMAN Delegate suggested that the Sub-Committee should arrange to resume the study of the question of Argentine borax at its next meeting.

55. The CHAIRMAN concluded this discussion by noting that in general the Western European countries possessed no legal means which would have permitted them to act as the Brazilian authorities had done in this instance. The Chairman expressed the hope that Argentina would agree to apply the TAC procedure so that consignments of borax would be subjected to all the controls instituted by the Coordinating Committee.

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COCOM Document Sub-C(6C)2B(iv) Other cases warranting study

56. The BELGIAN Delegate informed the Sub-Committee that in July 1959 a Belgian firm had applied for an IC to import 10,000 tons of colemanite from Turkey, destined officially to be refined and sold in participating countries, in third countries and on the home market. The competent departments having felt some suspicions about this application, the IC had not been granted. The firm involved had appealed and a technical enquiry had proved that the applicant had at his disposal none of the means necessary for refining such a quantity of ore and that in all probability this was an attempt at fraud.

(b) Other Diversions(i) Illegal shipments of ball bearings
(COCOM Document 3657)

57. The UNITED KINGDOM Delegate said he had nothing to add to the information given in COCOM Document 3657. He emphasised the considerable penalties inflicted on the offenders.

(ii) Other cases

58. The UNITED STATES Delegate informed the Committee that the Swedish Government had obtained the conviction of one of the principals involved in a case which had been the subject of study by the Working Group on Diversions at the Sub-Committee's November 1958 meeting (COCOM Document 3030, Attachment 1, Case II). He further informed the Sub-Committee that the United States authorities were cooperating with the Swedish Government and furnishing documents required in the prosecution by the Swedish authorities of a Swedish firm charged with having engaged in illegal trade in strategic goods.

59. The GERMAN Delegate drew the Sub-Committee's attention to COCOM Documents 3963 and 3973, which set out the experience gathered by the German authorities as regards diversions and the conclusions they had reached concerning the products which were most frequently involved in attempts at fraudulent transactions and the countries which most frequently constituted the network followed in these diversions. The German Delegation wished to know whether the authorities of other participating countries had had similar experiences in this field.

60. The BELGIAN Delegate informed the Sub-Committee of a case of a customs diversion dating back to the years 1955-56. This case had come to light thanks to the perspicacity of German customs officers who had apprehended a truck transporting a load of chalk among which 5 tons of cobalt had been concealed. After prolonged enquiries and procedures continuing until a very recent date, the Court of Appeal had pronounced final judgment on the 22nd March 1960. The principal accused had been condemned to a year's imprisonment and, jointly with other accused persons, to a fine of 70,955,190 Belgian francs. The suppliers of the goods, and certain intermediaries, had been condemned to suspended sentences of from 4 to 6 months' imprisonment. Accomplices had also been condemned to a year's imprisonment. In addition, 133 tons of cobalt had been declared confiscated under the sentence. In the event of confiscation being impossible, those concerned were condemned jointly to reimburse the value of the cobalt involved in the fraud. The transport vehicle had been confiscated.

61. The FRENCH Delegate also recounted a case of diversion of cobalt, regarding which his Delegation proposed to submit a Memorandum at the close of the relevant enquiries. This case involved Yugoslavia, which had supplied an Import Certificate from the Federal Chamber of Commerce. Ten tons of cobalt had been despatched under this, and it was not until a second order for 10 tons of cobalt had been sent to the same French firm by the same Swiss purchaser that an enquiry had been undertaken which was not yet complete. Naturally, no new despatch had been carried out, and this case appeared to corroborate the conclusions set out by the German Delegation in COCOM Document 3963.

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62. The BELGIAN Delegate stated that, an application concerning a large quantity of cobalt destined for Egypt having been submitted by a Belgian private individual, the Belgian authorities had instituted enquiries through diplomatic channels which had enabled them to find out that the Egyptian consignee was not in the least suitable as a user of such a large quantity of cobalt. The application had been refused.

63. The NETHERLANDS Delegate stated that his authorities had come across similar cases involving cobalt, borax and tantalum.

64. The UNITED STATES Delegate commended the German Delegate for submitting these useful and informative documents and expressed the hope that other Delegations would submit similar documentation which might be of interest and value to the Sub-Committee in its cooperative efforts to frustrate attempts to divert strategic commodities. He commented that United States experience with respect to diversions would tend to rate electronic equipment and borax as the major items in known current diversions, with cobalt following in third place. Recently a lesser number of falsifications of documents had been found, but in several cases end-use checks had made it possible to discover that use had been made of false names of legitimate traders, especially in Sweden. Referring to COCOM Document 3973, the United States Delegate asked his German colleague if the authorities in the Federal Republic received regular IC's from Egypt. This was not the case in the United States and, where that country was involved, the United States authorities generally carried out end-use checks.

65. The GERMAN Delegate replied that in point of fact Egypt did not supply regular IC's, but sent declarations by Egyptian firms which appeared valid and acceptable as a basis for the grant of export licences. It would of course be preferable that Egypt should issue proper IC's.

66. The FRENCH Delegate mentioned that the French authorities had recently obtained an attestation from a purchasing firm which seemed trustworthy. This attestation had not only been approved by the Chamber of Commerce as regards the signature it bore, but also as regards the description of the goods, their use and their non-reexport. The case was still being examined at present and the French authorities were hesitating to grant the export licence as they did not yet know whether they could obtain customs proofs of entry into Egypt.

67. The NETHERLANDS Delegate mentioned that the Netherlands authorities had received numerous applications concerning triangular transactions involving the despatch of cobalt to Egypt. The consignee was the Egyptian Army.

68. The CHAIRMAN concluded this discussion by noting that cobalt and cobalt alloys were the items most often involved in cases of fraud. In his view recommendations should be made to the effect that, when applications involved items which could be processed only by producing firms possessing the required machinery, and although traders must be allowed to keep their freedom, Member Governments should endeavour to confine transactions to producers only. Where intermediaries were concerned, controls through diplomatic channels should be carried out and in any event special controls should operate in cases involving Switzerland, Egypt, Sweden and Yugoslavia.

69. The UNITED KINGDOM Delegate stated that he could not support a recommendation that only producers should be allowed to take part in cobalt transactions.

70. The NETHERLANDS Delegate associated himself with this declaration.

71. The CHAIRMAN explained that he wished to emphasise what extreme prudence should be shown when applications came from intermediaries.

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COCOM Document Sub-C(69)29IV. IC/DV PROCEDURE(a) Irregularities noted in the application of the IC/DV system:
Situation of Nigeria

(COCOM Document Sub-C(59)2, paragraphs 84 to 86)

72. The JAPANESE and UNITED KINGDOM Delegates informed the Sub-Committee that this question had been settled on a bilateral basis between the Japanese authorities and the United Kingdom authorities.

73. The GERMAN Delegate stated that his authorities had never encountered any difficulties in their dealings with Nigeria.

(b) Export of strategic goods for exhibition and demonstration purposes
(COCOM Document 3706)

74. The SUB-COMMITTEE noted that a new Memorandum from the United States dealing with this matter was to be discussed shortly in the Coordinating Committee (COCOM Document 3960) and agreed not to deal with this problem at its own level but to leave the whole matter for study in the Coordinating Committee.

(c) Cumulative Import Certificates without any indication of the quantity and value of the goods
(COCOM Documents 3727, 3767, Sub-C(59)2, paragraphs 111 - 115; 3839, 3871, 3917)(d) Limiting of validity period for IC's covering specified quantities or values
(COCOM Documents Sub-C(59)2, paragraphs 111 - 115 and 3901)

75. The CHAIRMAN, referring to COCOM Documents 3727 and 3767, emphasised the need to reach a uniform solution as regards indicating quantities and values covered by cumulative IC's. He then invited Delegations to make known their views on the United States proposal (COCOM Document 3901) that 12 months should be the agreed validity period for IC's.

76. The FRENCH Delegate drew the Sub-Committee's attention to COCOM Document 3917, in which his Delegation had set out their views regarding the matter raised by the Italian Delegate in COCOM Document 3727. The French Delegation considered it desirable first of all to define what was understood by global or unrestricted Import Certificates.

77. The CHAIRMAN associated himself with the French Delegate's statement and stated that in the first place the Sub-Committee should consult the regulation drawn up in 1952 on the subject of global IC's (COCOM Document Sub-C(52)17, paragraph 10) and should if necessary clarify the regulation, which read as follows:

"The Sub-Committee agreed that such documents could be properly issued in cases where the exporting Government were completely satisfied as to the final destination and use of the goods involved in all the transactions."

78. The SUB-COMMITTEE agreed to define global IC's as follows:

"A global Import Certificate should concern a single item, clearly defined, despatched by a single exporter and addressed to a single importer."

79. The ITALIAN Delegate recalled that he had notified a concrete problem with which the Italian authorities had been faced (COCOM Document 3727) as regards the presentation of cumulative IC's without any indication of quantity or value. The Belgian, Danish, French, German, Netherlands, United Kingdom and United States Delegations had already made known their views on this question, but it appeared desirable that, after fresh study, the Sub-Committee should reach agreement on a uniform practice.

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80. The GERMAN and UNITED KINGDOM Delegates stated that they had not a great deal to add to the views expressed by their Delegations, in COCOM Documents 3767 and 3871 respectively, on the subject of the indication of the quantity or value covered by a global IC.

81. The CANADIAN Delegate stated that the Canadian departments responsible for granting licences accepted global IC's issued by participating countries both when the quantity or the value were not specified and a validity limit set, and also when no validity limit was set but the quantity or the value mentioned.

82. The FRENCH Delegate recalled that the practice followed by the authorities in his country when issuing global or unrestricted IC's was explained in COCOM Document 3917, and stated that for exports from France his authorities were ready to accept global IC's without indications of quantity or value, although in their view this involved a risk of complicating the control processes to some extent.

83. A further exchange of views followed, which revealed that the majority of Delegations were in favour of the indication of quantity or value limits on global IC's so that export licences might be granted within these limits, and in order that the authorities of the exporting country might be able to check whether the quantities foreseen had been exported and had reached their destination. The GERMAN Delegate then stated that, without being convinced of the need for this indication, his Delegation were ready to help in reaching unanimous agreement and would accept that reference should be made to the quantity or value of the goods covered by global IC's. The German Delegation also agreed that the documents in question should include a description of the goods covered, without, however, going into details, which would deprive the global IC procedure of any point.

84. The UNITED KINGDOM Delegate associated himself with the German Delegate's position.

85. The UNITED STATES Delegation also agreed to the proposal to include an indication of the quantity or value of goods covered by global IC's.

86. The CHAIRMAN noted that the Sub-Committee had thus unanimously agreed to recommend that global IC's should carry an indication of the quantities and/or values of the goods they covered.

87. Referring next to COCOM Document 3901, the UNITED STATES Delegate explained the reasons why his authorities proposed the setting of a time limit for the validity of IC's. First of all it must be realised that the circumstances surrounding an export proposal might vary over a period of several months, even years. The United States authorities for their part, when approached with requests to prolong the validity of an export licence, instituted new enquiries, and if these revealed a change in the situation the competent departments were able to evaluate the new factors which had intervened and, if necessary, to cancel the licence. Moreover, it was sometimes very difficult to keep track of the consignments despatched by virtue of an IC if these were spread out over too long a period. Such a system necessarily involved very complicated book-keeping. The Delegate recalled finally that during the Sub-Committee's previous meeting all Delegations had agreed on the need to set a validity limit in cases where no quantity or value limit existed.

88. The GERMAN Delegate said he could accept a validity period of 12 months on the understanding that this period would naturally be prolonged in the rare cases of global IC's covering products implying long manufacturing periods.

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89. The UNITED KINGDOM Delegate stated that he did not think he could fall in with the United States proposal to limit the period of validity of the IC's. In point of fact it was already stated on the United Kingdom IC's that these were valid for presentation to the authorities of the exporting country during a period of six months, but the United Kingdom authorities saw no necessity to provide for a new limitation beyond that presentation.

90. The FRENCH Delegate stated that although it was desirable to get as near as was feasible to a uniform method, it would not be possible to achieve absolute uniformity; for one thing, the French regulations could not be adapted to those of other participating countries because of the quota system to which certain imports were subject in France.

91. The UNITED STATES Delegate having explained, in response to a question from the German Delegate, that his Delegation's proposal concerned not only global IC's but also ordinary IC's, the GERMAN Delegate pointed out that, while he could accept this proposal where global IC's were concerned, he saw no need to apply it also to ordinary IC's, which were already subject to an arrangement whereby they must be submitted to the authorities of the exporting country within six months.

92. The ITALIAN Delegate stated that his authorities might perhaps consider the possibility of accepting this proposal in relation to global IC's, but that he foresaw grave difficulties as regards adoption of this proposal for ordinary IC's.

93. The JAPANESE Delegate stated that his authorities did not issue global IC's, and that as Japanese IC's were valid for six months, he was in a position to agree to the United States proposal.

94. The CANADIAN Delegate stated that, exceptional cases apart, Canadian IC's were valid for a period of twelve months and that consequently the Canadian authorities were in a position to accept the United States proposal.

95. A lengthy exchange of views followed upon a proposal by the Chairman that a uniform period of six months should be established as the period within which ordinary or global IC's should be submitted to the authorities in the exporting country. The CHAIRMAN proposed that from that moment ordinary IC's should be valid for a further period of six months and global IC's for a period of twelve months. A special procedure would be established for commodities which involved a lengthy manufacturing period. For several Delegations this proposal involved some difficulties, and the SUB-COMMITTEE finally agreed to recommend that all IC's should be submitted within six months to the authorities of the exporting country and that, from the time of that submission, they should be valid for a period of twelve months. This validity period might be reduced in countries operating a quota system for their imports; these rare cases would be left to the discretion of the country concerned. It was further understood that these recommendations did not affect the character of the export licences issued in conformity with the global IC's, which might be either general licences or successive licences issued within the time limits fixed. The Sub-Committee expressed the hope that the various arrangements whose adoption it had been agreed to recommend, regarding on one hand the indication of quantities or values and on the other the validity limit for IC's, would permit the implementation of a uniform system in participating countries.

(e) Despatch to third countries of duplicate copies of IC's
(COCOM Document Sub-C(59)2, paragraph 83, and 11th Addendum to Annex 12 to COCOM Document 407)

96. The SUB-COMMITTEE recommended the adoption of the text for a standard letter to accompany duplicate copies of IC's sent to third countries which had been proposed by the United States Delegation in the 11th Addendum to Annex 12 to COCOM Document 407. The text of this letter is shown in the Annex to the present Report.

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97. The CHAIRMAN noted that a number of Member Governments had not yet communicated a list of the third countries to which they sent duplicate copies of IC's, and invited Delegations who had not already done so to send the Secretariat this information without delay so that a single document might be drawn up which would give all the required details.

- (f) Application of the IC/DV system for the purchase of United States surplus goods located in dumps in Western European countries
(COCOM Document 3975)

98. The NETHERLANDS Delegate said he had nothing to add to his Delegation's Memorandum which gave full details of the problem confronting the Netherlands authorities in the event of purchase of United States surplus goods in dumps located in the United Kingdom. The Netherlands authorities hoped it would be possible to find a solution which would make it unnecessary to send IC's either to the United States authorities or to the United Kingdom authorities.

99. The UNITED KINGDOM Delegate stated that all goods exported from the United Kingdom were subject to control by the United Kingdom authorities if they appeared on the export control lists. The Delegate said this matter had already been discussed between the competent United Kingdom and United States authorities and an agreement for a satisfactory provisional arrangement had already been reached.

100. The UNITED STATES Delegate stated that the Netherlands Memorandum issued that day had of course not yet been studied in Washington, but that as there was a representative of the Ministry of Defense on the United States Delegation, he had been able to state that, as the control operated in the United Kingdom was adequate to ensure the security of the goods, the United States authorities had agreed no longer to call for IC's for exports of United States surplus goods from the United Kingdom.

101. After a further exchange of views on the question of whether this practice ought to be extended to the other Western European countries, the SUB-COMMITTEE agreed that if other Member Governments wished to assume responsibility for ensuring the security of United States surplus goods located on their territory, and consequently to apply the IC/DV system to these goods, they should get into touch with the United States authorities.

- (g) Application of the IC/DV system in the event of re-importation of a product sent back to its country of origin for repair

102. The JAPANESE Delegate stated that he had been instructed to seek the Sub-Committee's opinion as to whether the authorities of an importing country were obliged to issue a second IC in the event of re-importation of a product returned to its country of origin for the purpose of being repaired there.

103. The SUB-COMMITTEE considered that in theory a second IC should be issued in cases of this kind, but that the practice might vary according to the regulations of the exporting country.

V. T.A.C. SCHEME

- (a) Application of the TAC Scheme in cases where a resident of a participating country acted as a principal in a transaction involving the shipment of goods from a country not cooperating in the Scheme to the Soviet Bloc
(COCOM Documents 3519 and 3872)
- (b) Problems arising from the non-cooperation of non-member countries in the TAC Scheme

104. The CHAIRMAN drew the Sub-Committee's attention to the Memoranda

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submitted by the United States and United Kingdom Delegations: (COCOM Document 3519 and 3872) outlining the procedures followed by the United States and United Kingdom authorities in order to deal with this problem of transit control.

105. The SUB-COMMITTEE took note of these statements and agreed that it was not necessary for the other participating countries to submit fresh details on the operation of the TAC Scheme in their respective countries, since the replies to the TAC Questionnaire supplied two years ago (COCOM Documents 3195.1 - 12) contained all the information required.

106. The UNITED STATES Delegation nevertheless expressed the hope that Member Governments would not fail to put forward any suggestions they might have for closing up the loopholes in the TAC Scheme which had been brought to light in 1958 by the Working Group appointed by the Sub-Committee.

107. Consequent upon this statement, an exchange of views took place, during which it appeared that the TAC Scheme was in fact seldom applied and that its implementation gave rise to no particular problems in participating countries.

108. It was apparent, however, that in the case of transshipment to the Soviet Bloc of goods from a country not cooperating in the TAC Scheme but belonging to a national of a participating country, the transshipping country was not certain to be able to demand a TAC, and so control the nature of the transaction.

109. It appeared that the main difficulty resulted from the fact that the authorities of the transit country were not always able to determine who was the principal in transactions of this kind. If the principal were a national or resident of a participating country, the goods would have to be accompanied by a TAC, but if he were a national or resident of a non-member country not cooperating in the Scheme, no recourse was possible. Nevertheless in the majority of cases it was only possible to identify the principal through ex post facto investigations.

110. The UNITED STATES Delegate pointed out in this connexion that the TAC Scheme clearly provided for the possibility that more than one principal might be involved in a diversion case, citing paragraph 5 of the TAC procedure as covering this contingency, and emphasised the desirability of attempting to ascertain the identity and nationality of all principals at the earliest possible time with a view to utilising these procedures to frustrate attempted diversions.

111. The SUB-COMMITTEE was of the opinion that every effort should be made to strengthen controls at the source in non-member countries producing strategic items on a large scale, and to obtain the latter's participation in the control system. The UNITED STATES Delegate noted that his Government were continuing to seek the cooperation of countries not at present participating in the control system, and the SUB-COMMITTEE recommended that these measures should be maintained and intensified.

VI. COOPERATION BY NON-MEMBER COUNTRIES

- (a) Statistical returns for IC's and DV's issued or received by member countries for commercial transactions with participating third countries
(COCOM Document Sub-C(59)2, paragraph 169)

112. The SUB-COMMITTEE agreed to study at its next session the need to effect a further compilation of statistical returns for IC's and DV's issued or received by member countries for commercial transactions with third countries.

- (b) Austria
(COCOM Documents Sub-C(59)2, paragraphs 49 to 54, 3873 and 3921)

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113. The UNITED KINGDOM Delegate stated that his Government's experience in their dealings with Austria was given in full in COCOM Document 3873. The Delegate referred to the last paragraph of this document and stated that he had no further information to provide at present.

114. The UNITED STATES Delegate stated that since the last Sub-Committee session the United States authorities had undertaken a general study of the controls applied by Austria. Their findings were set out in COCOM Documents 3921 and 3930. The United States authorities were of the opinion that the Austrian Government applied the IC/DV system satisfactorily and that, while they did not apply the TAC Scheme, they exercised a certain degree of control over transit shipments through their transactions controls. The Delegate referred finally to the last paragraph of COCOM Document 3921, in which it was stated that the United States Department of Commerce conducted prelicensing and post-transactions checks relating to United States exports to Austria whenever such checks appeared to be desirable or necessary. The United States authorities believed that it would be highly desirable for other Member Governments to adopt the same procedure.

115. The GERMAN Delegate recalled that his Delegation had raised the question of Austrian controls at the last Sub-Committee session, and thanked the United States and United Kingdom Delegations for their memoranda. For their part, the Federal Republic authorities occasionally had doubts as to the end-use of goods exported to Austria. The Delegate joined his United States and United Kingdom colleagues in considering that the only action possible was to examine all licence applications for exports to Austria with particular care.

116. The NETHERLANDS Delegate stated that his authorities were afraid that Austria might afford opportunities of diversions to the Soviet Bloc through the free zone of Linz, where it would appear that considerable quantities of borax had been diverted. The Delegate added, however, that there was no tangible proof of this claim.

117. In reply to a question from the Chairman, the UNITED STATES Delegate stated that he had no knowledge of borax diversions through Linz. He would be grateful if the Netherlands Delegation could provide him with all the information they had in this respect.

118. The TURKISH Delegate stated that from the copies of IC's supplied by the Austrian authorities through their Embassy in Ankara, the Turkish authorities were able to check on requests and verify the authenticity of IC's.

119. The ITALIAN Delegate stated that his authorities had always received regular DV's for the limited shipments from Italy to Austria.

120. The SUB-COMMITTEE thanked the United States Delegation for the information supplied as to the controls applied by Austria. It recommended that Member Governments exercise great caution in authorising exports to this country especially in the case of shipments passing through the free zone of Linz. In this last respect it would be desirable for the competent services of all Member Governments to exchange any information in their possession.

(c) Yugoslavia

(COCOM Document Sub-C(59)2, paragraphs 40 to 48 and 3877)

121. The UNITED STATES Delegate stated that, despite the United States authorities' efforts to persuade the Yugoslav authorities to supply duplicates of IC's, the latter had refused to adopt this practice since they believed that the special paper used for these documents would make forgeries easily detectable. Referring to paragraph 6 of COCOM Document 3877, the Delegate explained that, since Yugoslav purchases in the United States had risen by more than 200%, the Yugoslav authorities had stated that they could no longer issue DV's for all shipments. The United States authorities had therefore agreed to request verification of delivery on a selective basis only.

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122. The GERMAN Delegate stated that his Government's competent services had come across a forgery in the case of a Yugoslav IC. Although they had no diplomatic relations with Yugoslavia, the German authorities had been able to confirm their misgivings which had been aroused by a suspicious-looking signature and by what appeared to be an abnormally high IC number. The Delegate pointed out in this connexion that the German authorities did not know the actual numbering system used by the Yugoslav authorities. Lastly, the Delegate circulated photostat copies of the forged document in question together with copies of a genuine document.

123. In reply to a suggestion from the German Delegate, the UNITED STATES Delegate stated that, if the Committee so desired, his Delegation would make enquiries as to the numbering system used by the Yugoslav authorities.

124. The TURKISH Delegate stated that, upon receipt of an End-Use Certificate issued by the Federal Chamber of Foreign Trade and bearing the seal of that organisation for the shipment to Yugoslavia of 10,000 tons of boracite, the Turkish authorities had requested a duplicate of this document. In the absence of a reply, the export licence was not issued and from enquiries made of the Yugoslav authorities by the Turkish Embassy it appeared that the end-use document issued was a forgery.

125. The NETHERLANDS Delegate stated that his authorities had also had some difficulty with exports to Yugoslavia. In particular, they had recently received a licence application to export 2 tons of tantalum to Yugoslavia, in support of which a Yugoslav IC was produced and checked through diplomatic channels. In the meantime, the German authorities having drawn their attention to attempted diversions of tantalum via Yugoslavia, the Netherlands authorities proceeded to investigate the end-use. These investigations aroused grave doubts as to the authenticity of the IC supplied, and the Delegate noted in this connexion that Yugoslav IC's usually provided no assurance on the part of the Yugoslav Government not to re-export, but merely a personal promise from the General Secretariat of the Federal Chamber of Foreign Trade. The investigations conducted showed that two of the Chamber of Foreign Trade officials qualified to sign IC's had left the Secretariat of that organisation, and ^{had} entered private firms. In the light of these factors, the Netherlands authorities had refused to issue the licence.

126. The ITALIAN Delegate stated that the competent Italian authorities were at present conducting very thorough investigations of all Yugoslav IC's received over the past two years. Should any interesting facts be brought to light, the Italian Delegation would not fail to inform the Committee.

127. The UNITED STATES Delegate took note of the Netherlands Delegate's statement, and stated that he would make enquiries through the United States Embassy in Belgrade as to the names of the persons at present qualified to sign IC's.

128. The SUB-COMMITTEE thanked the United States Delegation for their efforts in this field. It recommended that Member Governments should take great precautions in authorising exports to Yugoslavia and, particularly in view of the dubious nature of Yugoslav documents, should not issue export licences without first making thorough investigations.

(d) Liechtenstein

(COCOM Documents Sub-C(59)2, paragraphs 33, 3912 and Corrigendum)

(e) Switzerland

(COCOM Document Sub-C(59)2, paragraph 128, and 3690)

129. The CHAIRMAN drew the Sub-Committee's attention to the United States Memorandum (COCOM Document 3912), in which it was explained that, in view of the customs union between Switzerland and Liechtenstein, Swiss Blue Import Certificates could be requested for exports to Liechtenstein.

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130. The SUB-COMMITTEE noted that the United States, German and United Kingdom authorities required Swiss Blue Import Certificates for their exports to Liechtenstein and recommended that this should become the general practice.

131. As far as Switzerland was concerned, the UNITED STATES Delegate pointed out that since the 1958 List Review the United States authorities had continued their conversations with the Swiss authorities especially with respect to the possible institution of transit controls by the latter. The Delegate recalled that his Delegation had in COCOM Document 3690 cited the regulations at present applied in Switzerland in this respect. These regulations, although not providing such adequate guarantees as the TAC Scheme, nevertheless afforded a certain measure of security. If all participating countries required Blue Certificates for their exports to Switzerland and IC's and DV's from the countries of destination for any of their exports likely to transit through Switzerland, there would be an appreciable reduction in diversion risks for shipments transitting through Switzerland. The Delegate emphasised once again that the information contained in COCOM Document 3690 concerning Swiss controls was for the information of the Coordinating Committee only and not for dissemination among the control authorities of participating countries.

132. The FRENCH Delegate referred to the question raised by his German colleague during the last session concerning the port of Basle, and asked if the information provided by the United States authorities also applied to shipments passing through this port.

133. The UNITED STATES Delegate reserved the right to reply to this question at a later date.

134. The SUB-COMMITTEE thanked the United States Delegation for the particulars given as to Swiss controls. It reached the conclusion that, without Swiss Blue Certificates, there was a serious risk of diversion and that Member Governments should therefore exercise great caution in this field, and if possible conduct enquiries as to the end-use before granting export licences.

(f) Other countries

(i) Sweden
 (COCOM Documents 3965 and 3974)

135. The UNITED STATES Delegate recalled that in October 1958 his Delegation had submitted COCOM Document 3260 in which they had stressed the dangers resulting from inadequate Swedish controls on exports ostensibly to Free World destinations. Since then, Sweden had further reduced its controls, as the United States Delegation had pointed out in COCOM Document 3965. As their control reductions applied to exports to non-Communist countries, the United States authorities for their part were not content with a "Tullsedel" for the export of strategic goods to Sweden, but carried out thorough enquiries as to the end-use and end-user to make sure that the goods would really be utilised in Sweden by reliable consignees. The United States authorities believed that while the Tullsedel provided adequate proof that the goods had been imported into Sweden, it offered no guarantee against subsequent unauthorised re-export.

136. The GERMAN Delegate, referring to his Delegation's latest Memorandum concerning Swedish documents (COCOM Document 3974), stated that the information given in this Memorandum should not be taken to mean that endorsement by the Stockholm Chamber of Commerce constituted an absolute guarantee against re-export. It would appear, however, that the Chamber of Commerce varied their formula with the degree of reliability of the importing firms, and it was obvious that when the wording used was particularly vague considerable precautions were necessary. The Delegate cited a recent case where a German exporter had received a licence to export lithium carbide to Sweden. A regular Tullsedel had been presented, but the German authorities learned that the shipment had been diverted to Czechoslovakia upon its arrival in Denmark. A subsequent examination of the Tullsedel had shown that the number of the truck appearing in the document was different from that of the truck carrying the goods. In

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conclusion, the Delegate stated that it would obviously be desirable for Sweden to reconsider its decision to relax its export controls, but that there seemed little likelihood of this being the case.

137. The NETHERLANDS Delegate explained that his authorities had discovered that they could obtain very useful information through diplomatic channels from the Swedish Foreign Ministry, who were prepared to give particulars upon request as to the reputation of Swedish firms and the contracts which might be offered to them.

138. The SUB-COMMITTEE agreed to recommend that, in view of the reduction in Swedish export controls, the authorities of participating countries should tighten their own prelicensing controls as regards exports to this country.

(ii) Argentine
(COCOM Document 3966)

139. The UNITED STATES Delegate recalled that his Delegation had, in COCOM Document 3966, referred to the Argentine authorities' recent decision to strengthen their export controls. At the present time Argentine applied the IC/DV system to its exports of borax and of all other strategic commodities, and while the Argentine authorities had not yet given their official agreement to the institution of the TAC Scheme, it was evident that they were anxious to prevent diversion of their exports. (See also paragraphs 25 to 54 above).

(g) Informing non-member countries of International List Reviews

140. The SUB-COMMITTEE took note of the United States Delegation's Memorandum (COCOM Document 3930), in which it was stated that the United States authorities had supplied copies of the revised International Lists to the authorities of cooperating non-member countries.

VII. ADDRESSES OF AUTHORITIES COOPERATING IN THE EXPORT CONTROLS SYSTEMS

141. The SUB-COMMITTEE stressed the utility of having the names and addresses of the authorities in non-member countries responsible for the application of the export control systems (Secretariat Paper No. 103). It recommended that the Secretariat should draw up a similar document listing the addresses of the control authorities in participating countries. Delegations were therefore invited to provide the Secretariat with the following information:

Names and addresses of authorities issuing IC's.
authorities issuing DV's.
authorities issuing TAC's.
authorities to whom duplicates of IC's
should be sent.

VIII. OTHER BUSINESS

(a) Correspondence between items on the International Lists and those used in customs tariff lists

142. The FRENCH Delegate stated that he wished to draw the Sub-Committee's attention to a problem with which the Direction of the French Foreign Economic Relations were faced in trying to establish a correlation between the French customs nomenclature and the International Lists. The definitions of International List items, and in particular those involving the mechanical and electrical industries, were not based on the same principles as those underlying the French customs nomenclature. In order to control all the items on the International Lists, several solutions were possible. General solutions might be considered which would subject to licensing:

- (i) A list, drafted in customs terms, covering all customs strategic item categories, even if these categories also included non-strategic items.

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- (ii) A more specialised customs list from which certain non-strategic items had been removed.
- (iii) A customs list limited to strictly strategic items, accompanied by a reference to the International Lists explaining that the items covered by the latter were subject to licensing even if they were not included in the customs list.

The method adopted by the French authorities was a compromise between the first two solutions outlined above, and it had a certain number of drawbacks. Individual corrections could be made in order to lessen these drawbacks in the case of solution (i). On the one hand, the exporter would submit a statement certifying that the goods to be supplied had no special strategic characteristics. The reliability and technical knowledge of the exporter would then be taken on trust, and no licence would be required; false declarations would, however, be severely penalised. On the other hand, for mass-produced or catalogued goods, the Administration would draw up documents certifying that certain items defined in the catalogue were not subject to licensing because they were non-strategic. Such certificates, valid for any country and without any indication of value, could be used for one year unless the characteristics of the commodity in question had changed in the meantime.

143. Since the French Administration often received complaints from exporters to the effect that their foreign competitors were subject to simpler regulations, the FRENCH Delegation would be glad if the other delegations could give details as to the methods adopted in their countries, the accompanying guarantees and the results achieved.

144. The UNITED KINGDOM Delegate stated that the United Kingdom customs list included International List items in its coverage, and that it was for the competent authorities to translate the decisions taken in the Coordinating Committee into terms comprehensible to exporters. It was therefore of little consequence if the International Lists and the customs list were not identical.

145. The GERMAN Delegate stated that his authorities had tried to solve the problem outlined by the French Delegation by publishing, on the one hand, the International Lists with the exception of certain notes whose contents it was not deemed advisable to divulge to the public, and, on the other, a list of customs tariff items corresponding to those on the International Lists. When a difficulty arose as to an item on the customs tariff list not appearing on the International Lists, the matter was referred to the control authorities. If necessary, the latter then issued a certificate valid for a six months period testifying that the item concerned was not covered by the Strategic List. The German Government believed for their part that the exporters themselves should not be allowed to draw up such a statement, and that this should be the responsibility of the authorities in charge.

146. The BELGIAN Delegate stated that in Belgium and Luxembourg the International Lists were published by Ministerial Decree in the form established by the Coordinating Committee, with the exception of certain notes whose contents it was not deemed advisable to divulge to the public. Moreover, correlation sheets were set up for the customs authorities establishing a correspondence between International List and customs tariff items. Such sheets provided the customs authorities with interpretative guides.

147. The UNITED STATES Delegate stated that the system in force in his country was broadly-speaking similar to that outlined by the United Kingdom Delegation. If an exporter thought that certain goods were not covered by the International Lists he requested a certificate to this effect from the competent authorities. If there was any doubt as to the identity of the commodity concerned, the competent authorities asked for brochures, invoices etc. The goods could be held until they had been properly identified and in this manner the problem was usually settled. The Delegate explained lastly that the Commodity Identification Manual was often used for this purpose.

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148. The ITALIAN Delegate stated that the system in force in his country was generally-speaking similar to that outlined by the German Delegation. He explained that the Italian customs tariff list was at present being revised in accordance with the Brussels Trade Nomenclature. It included items embargoed for strategic reasons as well as commodities controlled for economic reasons.

149. The CHAIRMAN noted that all countries published the International Lists in one form or another and that the strategic or non-strategic nature of commodities was either determined by the customs authorities or confirmed by certificates established for that purpose.

150. The FRENCH Delegate thanked delegations for the information just supplied which he hoped would enable the competent French authorities to improve their own procedure within the framework of the present system.

(b) Publication of the Commodity Identification Manual

151. The UNITED STATES Delegate stated that the competent United States authorities were continuing to keep the Commodity Identification Manual up to date. This was an increasingly delicate task since the definitions drafted by the Coordinating Committee became more specific and more detailed with each review. The United States Delegation wished to know if the other participating countries thought it desirable to continue publication of the Manual.

152. The SUB-COMMITTEE asked the United States Delegation to express the gratitude of control authorities in all member countries to the United States authorities in charge of this publication, which all Member Governments were most anxious to see continued. The Sub-Committee would moreover ask that extra copies of the Manual be made available for each participating country. The UNITED STATES Delegate stated that his authorities would be pleased to make additional copies, within reasonable limits, available to all interested participating countries. He suggested that such countries could request these copies through the United States Delegation to the Coordinating Committee or through regular diplomatic channels.

(c) Inventory of questions referred to the Coordinating Committee at the close of the last Sub-Committee session
(Secretariat Paper No. 106)

153. With reference to Secretariat Paper No. 106, the SUB-COMMITTEE noted that of the seven questions referred to the Coordinating Committee at the close of the last session, three were still pending: the question of the Observation List, that of the definition of the term "State Organisation" and lastly that of the setting up of a Working Group consisting of officials applying the control system.

IX - NEXT MEETING

154. The SUB-COMMITTEE agreed to entrust the Coordinating Committee with the task of fixing the date for the next session of the Sub-Committee on Export Controls, after its summer recess.

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ANNEX to
COCOM Document Sub-C(60)2B

LETTER TO ACCOMPANY DUPLICATE COPIES OF
IMPORT CERTIFICATES SENT TO THIRD COUNTRIES
COOPERATING IN THE IC/DV SYSTEM

(Address)

(City)

Date _____

Gentlemen,

There are enclosed _____ (name of the country) Import Certificates issued by this office between _____ (date) and _____ (date).

These documents, enumerated below, are exact duplicates of Import Certificates issued, in accordance with the existing arrangements, to cover certain exportations from your country to (name of the country). They are being provided so that you may verify the authenticity of the information shown on the originals which will be submitted to you through commercial channels.

Sincerely yours,

Import Certificate No.

Import Certificate No.

CONFIDENTIAL